

ASSEMBLY BILL

No. 363

Introduced by Assembly Member Hayashi

February 14, 2011

An act to amend Section 8880.4.5 of the Government Code, relating to the California State Lottery.

LEGISLATIVE COUNSEL'S DIGEST

AB 363, as introduced, Hayashi. California State Lottery.

The California State Lottery Act of 1984, enacted by initiative, authorizes a California State Lottery and provides for its operation and administration by the California State Lottery Commission and the Director of the California State Lottery, with certain limitations. Existing law requires the Controller, by September 1 of each fiscal year for 5 years following the enactment of this provision, to report to the Legislature whether specified events relating to the total net revenues allocated to the benefit of public education have occurred. Existing law further requires the Controller to convene a lottery review group to report to the Legislature, no later than December 31 following the final fiscal year of that 5-year period, on whether certain provisions have furthered the purposes of the California State Lottery Act of 1984.

This bill would instead require the Controller to make those reports by December 31 and February 28, respectively.

The California State Lottery Act of 1984 provides that none of its provisions may be changed except to further its purpose by a bill passed by a $\frac{2}{3}$ vote of each house of the Legislature and signed by the Governor.

This bill would declare that its provisions further the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 8880.4.5 of the Government Code is
2 amended to read:
- 3 8880.4.5. (a) Following the end of each full fiscal year, the
4 commission shall calculate and report to the Controller and to the
5 Legislature the amount of total net revenues allocated to the benefit
6 of public education from the California State Lottery Education
7 Fund for that fiscal year.
- 8 (b) To ensure increases in lottery net revenues allocated to public
9 education, if in any one of the first five full fiscal years after the
10 enactment of the act adding this section, the Controller determines
11 that both of the events described in paragraphs (1) and (2) of
12 subdivision (c) occur, then the Controller shall notify the
13 Legislature and the Governor, and post that notification on the
14 Controller's Internet Web site, and on January 1 of the following
15 year, both of the following shall occur:
- 16 (1) The amendments made to Sections 8880.4, 8880.63, and
17 8880.64 by the act adding this section shall become inoperative.
- 18 (2) Sections 8880.4, 8880.63, and 8880.64, as they existed prior
19 to the effective date of the act adding this section shall become
20 operative.
- 21 (c) No later than ~~September 1~~ *December 31* following each of
22 the first five fiscal years in which the amendments made by the
23 act adding this section are in effect, the Controller shall report to
24 the Legislature whether either of the following occurred in the
25 prior fiscal year:
- 26 (1) The total net revenues allocated to the benefit of public
27 education from the California State Lottery Education Fund are
28 less than the total net revenues allocated to the benefit of public
29 education in the last full fiscal year prior to the enactment of the
30 act adding this section.
- 31 (2) The annual average of total net revenues allocated to the
32 benefit of public education from the California State Lottery
33 Education Fund after the enactment of the act adding this section
34 is less than the total net revenues allocated to the benefit of public
35 education in the last full fiscal year prior to the enactment of the

1 act adding this section, adjusted for an annual growth rate of 1.8
2 percent or the actual growth rate of lottery revenues since
3 enactment of the act adding this section, whichever is greater.

4 (d) If the conditions specified in subdivision (c) do not occur,
5 then in subsequent fiscal years, to ensure continued growth in
6 lottery net revenues allocated to public education, the commission,
7 when setting the percentage required in subparagraph (A) of
8 paragraph (2) of subdivision (a) of Section 8880.4, shall ensure
9 that net revenues allocated to public schools are at least as much
10 as were allocated on average in the prior five fiscal years, and
11 increased in proportion to any upward increases in lottery net
12 revenues.

13 (e) At the end of the first five full fiscal years following
14 enactment of the act adding this section, the Controller shall
15 convene a lottery review group to consist of the Controller, the
16 Superintendent of Public Instruction, and the chairperson of the
17 commission. The review group shall report to the Legislature, no
18 later than ~~December 31~~ *February 28* following the final fiscal year,
19 on whether the amendments made by the act adding this section
20 have furthered the purposes of the California State Lottery Act of
21 1984 as intended.

22 (f) This section shall remain in effect only until December 31
23 of the year of notification from the Controller to the Legislature
24 and the Governor that the events described in paragraphs (1) and
25 (2) of subdivision (c) have occurred, and as of that date is repealed,
26 unless a later enacted statute, that is enacted before December 31
27 of that year, deletes or extends that date.

28 SEC. 2. The Legislature finds and declares that this act furthers
29 the purposes of the California State Lottery Act of 1984, enacted
30 by Proposition 37 at the November 6, 1984, general election.